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Cyndie Eby
Executive Director-
Federal Regulatory

EX PARTE

March 15, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: CC Docket No. 95-185

Dear Mr. Caton:

Attached is a copy of a letter delivered today to Ms. Kathleen Franco, Policy and Program Planning Division, concerning the above-referenced proceeding.

In accordance with Commission Rule 1.1206(a)(2), a copy of the letter is being served upon you for inclusion in the public record.

Acknowledgment and date of receipt of this submission are requested. A duplicate of this letter is attached for this purpose.

Please contact me if you have any questions.

Sincerely,

Cyndie Eby

Attachment

cc: Ms. Kathleen Franco

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

cc: 202 429-3106 rec'd *Qtl*

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March 15, 1996

Ms. Kathleen L. Franco
Attorney
Policy and Program Planning Division
Federal Communications Commission
1919 M Street, NW, Room 544
Washington, DC 20554

RE: CC Docket No. 95-185

Dear Ms. Franco:

In response to your questions regarding Type 1 and Type 2 pricing during our March 7, 1996 meeting, enclosed are summary pages from a report recently completed by Mr. Harry Young, a consultant with Malarkey-Taylor Associates ("MTA"). U S WEST Communications ("USWC") retained MTA to examine wireless interconnection pricing of all RBOCs and major LECs, including GTE, Cincinnati Bell, Southern New England Telephone and others. In preparing his study, Mr. Young reviewed the interconnection pricing charged by LECs at 59 locations within the United States, including Puerto Rico.

As documented in the summary, Mr. Young obtained the following prices for LEC-CMRS interconnection:

LEC-CMRS Interconnection Usage Rates (per minute)

	<u>Median Average</u>	<u>Effective USWC Rate</u>	<u>Lowest Rate</u>	<u>Highest Rate</u>
Type 1	\$0.037	\$0.040*	\$0.0163	\$0.159
Type 2A	0.0245	0.0226**	0.012	0.07
Type 2B	0.0206	0.0191**	0.0064	0.07

* Average 1995 rate paid across USWC

** Includes growth discount

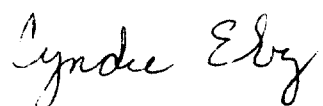
Ms. Kathleen L. Franco
March 15, 1996
Page Two

Please note that Type 1 is seldom used by CMRS-Cellular carriers. In fact, USWC's records reflect that significantly less than one percent (0.3%) of USWC's total billable interconnection usage represents Type 1 interconnection. Paging companies, which historically used Type 1, are increasingly utilizing Type 2. However, in either instance, paging traffic incurs no usage charges because all paging traffic is in the land-to-mobile direction.

It is my understanding that Mr. Young, since completing his study for USWC, has broadened the study and examined more recent tariffs and contracts. It is also my understanding that this study will be made available for purchase at the Cellular Telephone Industry Association (CTIA) convention, March 25-26, 1996.

Please do not hesitate to contact me if you have any additional questions or if we can provide further clarification.

Sincerely,

A handwritten signature in cursive script that reads "Lyndee Elby".

Enclosures

connect the two cell sites to the Wireless Switching Center. The charges for all five DS1 facilities were totaled and then divided by five to obtain a monthly average. The average price per foot was obtained by dividing the total facilities charges by 18 to find the average price per mile and then divide that amount 5,280 to obtain a per-foot average.

Appendix 7-2 provides a summary of the Basic Usage Rates and Total Usage Rates for Type 1, Type 2A, and Type 2B connections, as well as the average per-foot price for DS1 facilities, for the various locations that were included in the study.

7.3 Interconnection Rates - National Averages

Interconnection rates for all 59 locations were totaled and sorted into seven different categories. Computations on these categories included a mean average, standard deviation, plus the maximum and minimum values for each category. The specific categories, and the charts that depict the results, are shown in Table 7-2 below.

Table 7-2
Interconnection Rate Categories

Rate Category	Chart Depicting Results
Type 1 Basic Usage Rate	Chart 7A
Type 2A Basic Usage Rate	Chart 7B
Type 2B Basic Usage Rate	Chart 7C
Average DS1 Price Per Foot	Chart 7D
Total Type 1 Usage Rate	Chart 7E
Total Type 2A Usage Rate	Chart 7F
Total Type 2B Usage Rate	Chart 7G

Basic usage rates are strictly the usage rate components and do not include additional charges such as facility or trunk termination charges. A Total Usage Rate is computed when these components are added to the Basic Usage Rate.

As shown in Chart 7A, there is a tremendous range of Basic Usage Rates for Type 1. The average value is \$0.047463 with a standard deviation of \$0.028378. The median average is \$0.037. Las Vegas, Nevada, has the lowest Type 1 Basic Usage Rate at \$0.016286 while Nashua, New Hampshire, has the highest rate at \$0.159 per minute of use.

Type 2A Basic Usage Rates average \$0.026923 per minute of use with a standard deviation of \$0.010632. The median value is \$0.0245. San Juan, Puerto Rico, has the highest rate at \$0.07 and Dallas, Texas, has the lowest rate at \$0.012442.

Chart 7C shows the Type 2B Basic Usage Rates with a mean average of \$0.022346 and a median average of \$0.0206. The standard deviation is \$0.012054. The highest Type 2B Basic Usage Rate is again found in San Juan, Puerto Rico, and it is identical with the Type 2A rate of \$0.07. Chicago, Illinois, has the lowest Basic Type 2B rate at \$0.0064.

As previously explained, the basic architecture used DS1 facilities to connect the Type 1, Type 2A, Type 2B, and provide private lines from the Wireless Switching Center (WSC) to the cell sites. For all locations, the mean average was \$0.018548 per foot with a standard deviation of \$0.006154. The median average was \$0.016307. San Juan, Puerto Rico, had the highest DS1 rates at \$0.043486 per foot while the lowest rate is \$0.009745 in Reno, Nevada. These results are shown in Chart 7D.

Chart 7E depicts the Total Type 1 Usage Rate which has a mean average of \$0.050957 with a standard deviation of \$0.029866. The median average is \$0.039591. Nashua, New Hampshire, still had the highest rate but it increased to \$0.163766 because of the facility

and trunk charges. Dallas, Texas, edged out Reno, Nevada, for the lowest rate at \$0.018941. This was primarily due to the trunk charges for Reno.

Total Type 2A Usage Charges, as shown in Chart 7F, have a mean average of \$0.028767 and a standard deviation of \$0.01074. Not surprisingly, San Juan, Puerto Rico, had the highest rate since San Juan also had the highest rate for both the Type 2A Basic Usage Rate and the highest DSL price per foot. The lowest Total Type 2A rate is found in Dallas, Texas, at \$0.014359.

Many locations, but not all, have lower rates for Type 2B than Type 2A. Chart 7G shows the mean average Total Type 2B rate as \$0.024901, which is slightly lower than the rate for Type 2A. The standard deviation is \$0.011872 while the median average is \$0.021974. Once again, San Juan, Puerto Rico, has the highest rate at \$0.076021. The lowest rate is Milwaukee, Wisconsin, whose rate is \$0.007746.

7.4 *Interconnection Rates - Specific Locations*

Interconnection rates for each of the categories for all of the 59 locations that were sampled are listed below. Included in the data is the ranking, both numerically and by quartile, of that location in comparison to the other locations.

Because a number of locations had the same rates, there are not 59 different rate possibilities for each category. Moreover, the number of variations was not the same in each rate category. Consequently, the numerical rankings have slightly different significance in each category and the size of each quartile varies by category. Listed below are the number of different rates for each category as well as the size of each quartile for each category.